

Voluntary Severance/Early Retirement Scheme

1. Introduction

The University has long relied on voluntary schemes in the interest of good employee relations and to maximise staff's opportunities for changes to their working lives.

In response to the unprecedented financial pressures faced by the University over the next 4 years, including a cut in 2011-12 of our total Scottish funding Council grant by £9.8 million, on 15th December 2010 the Court of the University of Glasgow approved the current Voluntary Severance/Early Retirement scheme which opened for applications on 10th January 2011.

On 12th October 2011, Court noted that the VSER scheme was currently due to deliver in excess of £10 million in savings and that the University was now in a better position to meet the financial challenges it will face over the next few years. It was decided, therefore, that the current VSER scheme had fulfilled its original purpose and would end on **16 December 2011**, giving staff who might still be contemplating applying for VSER time to research their options.

The scheme is intended to take advantage of opportunities in areas where costs are met through core funding and not through projects specifically funded on a time limited basis, usually as result of a successful bid to a project funder. Thus, the existing arrangements will continue to apply for projects primarily funded through Fixed Term Funds, mainly delivered through grants from a variety of sources including the Research Councils.

2. The Scheme

This scheme is voluntary and is applicable to all grades of University staff on open-ended contracts funded internally by the University (*also called General Funds*). The terms offered on this scheme will only be available where the member of staff registers an expression of interest with their Head of School/Research Institute/University Services section, or via their local Human Resources Manager.

For guidance, staff who apply before the end of November should receive an initial response by the 22nd December 2011. Staff are encouraged to apply as early as possible to enable information on their potential severance package to be prepared and for their application to be given consideration by their managers. If an application were accepted, the person would normally be

expected to leave the University's employment or retire following their contractual notice period, unless there is a strong case for a later leaving date.

Staff whose applications are approved will be eligible for the following arrangements:

Less than one complete year of continuous service at date of leaving - one month's pay

Completed 1 year or more, but less than 3 full years of continuous service at date of leaving - three months pay

Completed 3 years or more, but less than 6 full years of continuous service at date of leaving - six months pay

Completed 6 years or more, but less than and 9 full years of continuous service at date of leaving - 9 months pay

Completed 9 or more full years of continuous service at date of leaving - 12 months pay.

(For the avoidance of doubt, *1 year or more, but less than 3 full years of continuous service* means eligibility for this compensation band begins when the person has completed one full year's continuous service and has begun their second year of service. The person remains in this band until they have completed 3 full years' service. This is repeated for the other bands, and the maximum compensation under VS cannot be obtained until the person has begun their 10th year of continuous service.)

These payments will normally be based on the annual salary as at the date of acceptance and will not be modified in accordance with any back-dated pay increase or pay increase agreed after the offer is made. For part-time staff the relevant salary will normally be their pro-rata basic salary. The payment may be taken in one of two ways, or exceptionally, a combination of both:

Either

(a) It may be taken as a lump sum voluntary severance payment. It is expected that, in accordance with Current HMRC regulations, the first £30,000 of any severance payment will not be subject to deductions for tax and National Insurance.

Or

(b) If a person would be entitled to early access to their pension (i.e. take early retirement), subject to the relevant pension scheme's rules, the early retirement funding charge (ERFC, also called "strain") costs would normally be sourced from the payments due under this VS scheme, which the person had accrued according to their continuous service with Glasgow University.

If these ERFC costs would exceed the payments due for service under this scheme, the University would not normally accept the request for Early Retirement.

If only part of the payment available under the Voluntary Severance scheme is used to fund any pension benefits, the remainder will be paid to the member of staff as a lump sum voluntary severance payment. It is expected that, in accordance with current HMRC regulations, any part of the payment used to purchase additional pension benefits will not be subject to deductions for tax and National Insurance (subject to HMRC limits for high earners).

Staff are strongly encouraged to seek independent financial advice before accepting an offer made by the University, which could impact on their pension provision.

In exceptional circumstances where the Remuneration Committee believes it is in the best interests of the University, it may exceed the 52 weeks' overall limit on the payments: this decision will be at the sole discretion of that committee, which will require to receive a sound business case setting out the particular circumstances which might justify special consideration.

The expectation is that staff leaving through the scheme would normally work their contractual notice, with severance payments made at the end of the notice period, shortly after their last day of service.

3. Process for application and decision-making.

The terms offered on this scheme will be available where the member of staff registers an expression of interest in writing (Form "VS Expressions of Interest") with their Head of School/Research Institute/University Services section by 5.00pm on 16th December 2011. Where a member of staff wishes to receive information on potential severance terms without discussing their position with their line manager, they may contact their HR Manager indicating that this is a confidential enquiry only. If they subsequently wish to express an interest in VSER they must submit a form to their line manager, before 16th December 2011 in the normal way as no decision can be made without the involvement of the line manager. Subject to acceptance of the application by the University, the person would normally be expected to leave the University's employment following their contractual notice period, but where there is a requirement for the individual to work beyond this, a later date may be agreed.

Each application will normally be considered initially by either the Head of College or Secretary of Court and, if approved, will be subject to each of the following criteria being met:

A. The application has the written support of the Head of School/Research Institute/ University Service section, which will confirm that the costs of the severance/early retirement will be recovered through permanent salary savings, normally within one year. This will usually mean the post is not replaced, or the removal of an equivalent post elsewhere within the same College/Directorate.

B. In cases where there is a cost to the University associated with early access to the member of staff's pension, then, as detailed above, the payment available under the scheme must be used to fund the ERFC.

C. The member of staff has not already indicated that they are leaving the University e.g. a resignation, clear statement they will be retiring, or other clear indication of intent to leave the University has not been submitted. For the avoidance of doubt the University will not accept the withdrawal of resignations tendered and accepted before the Scheme was announced.

D. The University has not already confirmed that the member of staff will be leaving the University, for any reason.

Some cases outside the usual parameters will be considered by a small panel drawn from the Senior Management group, or may be referred to the Remuneration Committee.

The Remuneration Committee will receive a report on all approved cases and may consider other specific cases.

The scheme is discretionary, based on the managerial interest of the University. The criteria above will be applied to ensure that decisions on the release of staff are appropriate and consistent. Decisions for agreeing severance will be made entirely at the University's discretion, in the best interests of the University.

No member of staff has a right to severance or early retirement under this scheme. The decision making process described below will be final. There will be no right of appeal against a decision at any stage of the process.

4. Other Conditions

This Voluntary scheme is intended to reduce staff costs funded internally by the University: it is therefore not expected that staff will be re-engaged in any role in the University for a period of at least 24 months after leaving under this voluntary arrangement.

In some very specific cases, provided that a costed business plan is available to the relevant decision making committee at the time of consideration, a case may be made for some limited, time restricted re-engagement e.g. to complete a specific teaching programme, paid at the appropriate level for that work. Alternatively, a delayed departure may be agreed to complete this work, but this will be for a specific, limited duration. In both cases, the employment may well be on a part-time basis.

Similar restrictions apply to the potential use of a person leaving voluntarily and returning to the University as a consultant/special adviser. Any such proposal must be submitted to the relevant decision-making committee at the time of consideration, including justification and costs. Alternatively, a delayed departure may be agreed to complete this work, but this will be for a specific, limited duration, and may well be on a part-time basis.

In cases of early retirement, any such work or consultancy, if agreed, must be within the rules of the relevant pension scheme.

I H Black
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17th October 2011